

# Polar



# in the World

Surveying the world economy, optimists argue three somewhat contradictory propositions. First, that the phenomenon of polarization – the divergence of successful from unsuccessful economies – is not really occurring. Second, that polarization is occurring, but is not connected to globalization. Third, that enlightened policies in the United States and the European Union can ensure that all countries prosper. All three propositions, I would argue, are grand illusions. To be charitable, they reflect high-minded aspirations, however unrealistic. But it is hard to escape the conclusion that the polarization problem can't be fixed, say, by changing America's unilateralist impulse or introducing sweet reason to the Middle East. In the end, the challenge will be to live with polarization and to minimize its damage to the global commons.

AP/WIDE WORLD PHOTOS

# zation



# Economy

*By Gary Clyde Hufbauer*

Those who use their eyes as well as their databases see the vast differences between “haves” and “have-nots” in the contemporary world. But note the crucial distinction between polarization and disparity. Differences between haves and have-nots may not be widening – for example, decade after decade, the haves may earn 10 times the income of have-nots. But grievances certainly sharpen as the have-nots come to see the comparative wretchedness of their lives.

Only a mean-spirited person, we like to think, compares his or her income with that of a neighbor’s – or with someone across the ocean. Yet truth to tell, a lot of people do covet their neighbors’ houses. And thanks to television, every poor Egyptian and Pakistani can see our houses as well.

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The argument that polarization has not occurred is based on two errors. First, it ignores the distinction between polarization and disparity; second, it counts people and forgets countries. Ignoring national boundaries, world income distribution is pretty much the same today as it was a couple of decades ago. In 1980, the top 20 percent of the world's population captured 84.4 percent of the world's GDP, while in 2000, the top 20 percent took 85.6 percent of world GDP.

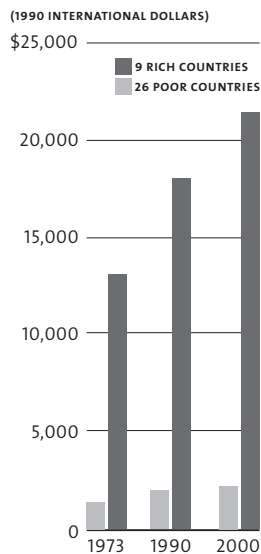
But this comparison conceals a lot of misery. Over the past 30 years, the favored regions of China (where 500 million of its 1.2 billion citizens live) and India (where 300 million out of its one billion live) have prospered. And these prosperous regions pulled up the per capita average of the two most populous nations. But success has not been shared by a large number of equally poor but less populous nations. Nor, for that matter, has it been shared by disfavored regions within China and India; the rich coastal provinces

in China enjoy a per capita income that is a stunning five times that of the poor interior provinces.

Consider two groups of countries: nine rich OECD countries that in 1973 accounted for about 20 percent of the world's population, and 26 poor countries with roughly 65 percent of the population. The ratio of income per person in the rich countries to income per person in the poor ones declined from 13.4:1 to 9:1 during the 27 years from 1973 to 2000 – a convergence that largely reflects China's amazing performance. If the Chinese miracle continues and if India follows the same path – here we define “miracle” as 4 to 5 percent annual per capita income growth for China and 3 to 4 percent for India – for another half century, the income ratio between rich and poor people would decline to a bit more than four to one. Score one for the optimists.

On the other hand, if we count each country as a statistical unit rather than weighting

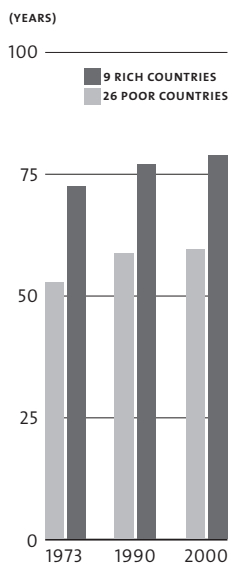
### AVERAGE GDP PER CAPITA OF RICH AND POOR COUNTRIES



SOURCES: Angus Maddison, *The World Economy, A Millennial Perspective* (OECD, 2001), World Bank, *World Development Report, 2000/2001*.

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## AVERAGE LIFE EXPECTANCY OF RICH AND POOR COUNTRIES



SOURCE: World Bank, *World Economic Indicators*, 2002.

by population, a decidedly less optimistic picture emerges. The income ratio between the nine rich countries and the 26 poor countries was 9.3:1 in 1973 and 9.4:1 in 2000 (after dipping down in the 1990s). That's a huge and durable gap, and the recipe for acute polarization.

My simple comparisons are confirmed by sophisticated statistical techniques. Using a constant poverty line (\$1.08 per day in real terms), Surjit Bhalla, managing director of Oxus Research and Investment, found that the percentage of the world living in poverty fell from 44 percent in 1980 to 13 percent in 2000 – the fastest decline in history. Indeed, during the past two decades, most people were getting richer, and the very poorest people were bettering their lives at a faster rate than the rest.

Unfortunately, though, most who left the ranks of the truly poor still live close to subsistence. Moreover, a reduction in hard-core poverty does not imply a convergence in



world income distribution. Based on an analysis of 33 countries, the economists François Bourguignon and Christian Morrison found virtually no change in global income inequality between 1960 and 1992.

Slow convergence or even no convergence is not just a characteristic of income levels; it also shows up in social indicators like life expectancy. In 1973, the difference in life expectancy between the nine rich countries and the 26 poor countries was 14.4 years. In 2000, the difference was 13.8 years – a very modest improvement. Citizens of other poor countries do not, on average, live as long as Chinese or Indians. On a country-average basis, the 1973 gap for the 26 poorest countries was 19.4 years; in 2000 the gap was still an awful 18.8 years.

It's wonderful that China has done so well. But the stellar record of China and the above-average performance of India are not decisive in the debate over polarization. Countries matter, too: While India has seven times the population of Pakistan, it is not seven times as important in geopolitical terms.

It need hardly be said that small and

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**P**olarization does not stop with income and life expectancy. It is colored by geography and culture as well.

medium-sized countries can create enormous problems. Afghanistan (population 25 million) nourished Al Qaeda. North Korea (21 million) menaces neighbors with its nuclear weapons program. Cambodia (12 million), Yugoslavia (23 million) and Rwanda (9 million) all spawned horrific genocides.

### GEOGRAPHY AND CULTURE

Polarization is colored by geography and culture as well. To see the coloration, it's useful to distinguish three groups of developing countries, based on per capita GDP levels and recent growth performance. In the top tier are the "winners": most of East Asia; the prosperous regions of China and India; lucky associates linked to the United States and the European Union; and a handful of "free-standing" countries. All told, during the past three decades 34 developing countries and 1.5 billion people have joined the winners.

In the middle tier are strugglers: most of



Latin America; the provinces of China beyond the coast; much of the Middle East and Central Asia; Russia; Indonesia; Malaysia; and several countries in Latin America. Collectively, 1.9 billion people and 49 developing countries belong to the camp.

In the bottom tier are losers: nearly all of Africa; the poor states of India; Pakistan and Bangladesh; much of Indochina; and a few countries in Central and Latin America. Some 1.7 billion people and 56 non-developing countries are lost in the sea of losers.

I originally assigned non-OECD countries to the respective categories – winners, strugglers and losers – on a subjective basis. The economist Evan Hillebrand subsequently

devised objective measures that closely parallel my judgments.

Based on Hillebrand's rules, winners are countries with per capita GDP exceeding \$3,500 (in terms of purchasing power) and growth in per capita income of at least 20 percent in the last five years, along with countries with per capita GDP greater than \$8,750 that has not fallen by more than 5 percent in the last five years. Strugglers are countries that are not winners, but have 2001 per capita GDP greater than \$2,500 and a five-year record that left them no worse than 5 percent below the 1996 income level. Losers are all the rest.

The record since 1981 is startling. Two decades ago, losing countries on average earned 10 percent of US per capita GDP (in terms of purchasing power). This figure fell steadily, reaching just 5 percent in 2001. In 1981, struggling countries on average earned 25 percent of US per capita GDP, and by 2001 the figure had declined to 15 percent. In 1981, winning countries on average earned 43 percent of US per capita GDP; they, too, fell behind the United States in the last two decades, but in 2001 the figure was still 38 percent.

What do the winners have in common? Most are in temperate zones – though there are a few exceptions, including Singapore, Costa Rica and Qatar. Most have dominant Confucian, Buddhist, Hindu or Christian cultures. The business and professional classes read or speak English. Winning countries are generally situated close to large economic markets – either their own, or the markets of Europe and North America. Those situated far away have good seaports and make the most of world trade and investment.

And what do the losers have in common? Many of them are located in tropical zones. Many have dominant Muslim cultures. English is not widely spoken. Many are far

## WINNERS

COUNTRY	1998 POPULATION (MILLIONS)	1981	PER CAPITA GDP (PPP RATES) CONSTANT (2001) DOLLARS		
			1991	1996	2001
Argentina	36.3	11,421	10,379	12,172	11,859
Bahamas	0.3	11,587	13,663	14,494	16,347
Bahrain	0.6	14,863	12,422	12,935	14,618
Barbados	0.3	11,876	12,958	13,294	15,237
Belarus	10.2	6,920	8,898	5,890	8,146
Botswana	1.6	3,350	6,210	6,624	8,937
Chile	14.8	6,430	6,408	8,554	9,556
China*	542.1	847	1,826	3,099	4,321
Cyprus	0.7	9,510	14,496	17,761	21,080
Czech Republic	10.3	13,382	12,820	14,076	14,760
Dominican Rep	8.1	4,395	3,909	4,633	5,955
Estonia	1.4	9,362	8,326	7,579	10,165
Hungary	10.2	10,142	9,606	10,017	12,751
India*	314.3	1,218	1,649	2,063	2,485
Israel	6.0	14,261	15,998	18,576	19,609
Kazakhstan	15.6	6,920	5,957	5,139	6,462
Latvia	2.4	9,362	9,539	5,822	7,984
Lithuania	3.6	9,362	14,283	6,392	7,720
Malta	0.4	8,485	13,140	14,819	16,769
Mauritius	1.2	4,483	6,715	8,211	10,560
Mexico	98.6	8,761	8,041	7,798	8,897
Oman	2.3	8,272	10,595	11,420	11,347
Poland	38.6	6,656	5,819	7,688	9,414
Qatar	0.5	32,506	16,985	16,296	23,442
Singapore	3.9	11,578	18,099	24,035	25,269
Slovakia	5.4	10,949	8,686	9,979	11,778
Slovenia	2.0	6,614	13,328	15,103	18,422
South Africa	42.8	10,356	8,941	9,165	9,647
South Korea	46.4	5,274	11,785	15,642	18,371
Taiwan	21.8	7,654	14,173	18,418	21,565
Trinidad	1.3	8,410	6,568	7,300	9,211
Tunisia	9.3	4,078	4,586	5,390	6,543
UAE	2.7	28,065	16,005	19,772	19,437
Uruguay	3.3	8,617	7,546	9,001	8,836
United States	270.6	23,764	28,790	31,706	35,373
TOTAL POPULATION (MILLIONS)			AVERAGE PER CAPITA GDP (PPP RATES) CONSTANT (2001) DOLLARS		
			1981	1996	2001
<b>WINNERS</b>	<b>1,529.9</b>	<b>10,250</b>	<b>10,809</b>	<b>11,729</b>	<b>13,541</b>

\* Population figures are of winning provinces and states for China and India, respectively.

SOURCE: Author with World Bank data

from large economic markets – often inland, with difficult connections to navigable rivers or ports. They don't participate deeply in world commerce.

In official discourse, these distinctions are generally ignored. The rationale – which is, arguably, valid – is that good government and good economic policy can overcome cultural and geographic liabilities. Malaysia and Argentina are cited as illustrative cases: Malaysia with good public policy, Argentina with bad. While culture and geography may



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**J**ust consider global differences in the distribution of pharmaceuticals and public health.



not be decisive, they are not trivial, and they do contribute to polarization.

### **POLARIZATION AND GLOBALIZATION: CONNECT THE DOTS**

Globalization – by which I mean rich commercial and cultural connections between countries – has proved an enormous boon both to the world economy and to recent arrivals in the winners' circle – countries including Spain, South Korea and Chile. The proof is in the statistics: as the economic historian Angus Maddison has shown, world income grew faster in the second half of the 20th century than in any previous era in human history. Yet, while globalization is not the principal source of the losers' problems, it is certainly linked to the dismaying chasm separating winners from losers.

Recall a point emphasized earlier: polar-

ization is most clearly evident in relative measures. When globalization enables people in some countries to prosper and enjoy longer lives, it makes those in laggard nations feel worse, even though they may be better off in absolute terms.

Forget about heart and kidney transplants, which are virtually unavailable outside the rich OECD nations. Just consider global differences in the distribution of pharmaceuticals and public health. In the early 20th century, people everywhere died from influenza and tuberculosis and were crippled by polio. Today, HIV, tuberculosis and malaria are concentrated in loser countries where proven treatments are generally out of reach.

The connection between globalization and polarization goes beyond the fact that Japan, Western Europe, North America and a handful of other countries did well over the past half century, fueling resentment among the laggards. And it goes beyond the highly unequal distribution of the tools of public health.

Rulers of losing countries have assimilated the offerings of a global economy all too well. Local autocrats customarily acquire the latest communications and weapons systems, the better to control their subjects. They also ac-

quire high-grade financial technology, which cements the concentration of wealth.

What else links globalization to polarization? Sophisticated corporate malfeasance and financial crises are an imported disease. The protection of economic “rents” – good for the rent collector, bad for the economy – owes much to techniques perfected in Japan, Europe and the United States. OECD efforts to interdict narcotics trafficking corrupts legitimate authority, increases violence and undermines the rule of law. OECD banks provide anonymity and security for plundered wealth. Communicable disease travels quickly by plane and ship in a global economy, while modern medicine travels slowly – at least to the poorest countries. New technology systemically enhances productivity in agriculture and mining. But the poorest countries, alas, are slow to adopt new technology and simply suffer from depressed terms of trade as their exports buy less. Global warming, largely a byproduct of growth in the winning countries, apparently changes weather patterns and increases the number of violent storms – and thus it is likely to hit countries that depend on stagnant agriculture particularly hard.

Finally, there are the aforementioned links between vastly improved communications – the hallmark of globalization – and rising resentment.

#### US AND EU TO THE RESCUE?

The grandest illusion of all, promoted by all sorts of well-intentioned people and institutions, asserts that the rich countries can rescue the losers through enlightened policies. Believers differ on what they mean by enlightened policies. Jimmy Carter preaches democracy; Paul O'Neill preaches the Washington Consensus on trade and capital flows; the World Bank president, James Wolfensohn,

#### STRUGGLERS

COUNTRY	1998 POPULATION (MILLIONS)	1981	PER CAPITA GDP (PPP RATES) CONSTANT (2001) DOLLARS		
			1991	1996	2001
Albania	3.4	4,213	2,737	3,361	3,936
Algeria	30.5	4,867	4,586	4,628	5,224
Armenia	3.8	6,920	4,856	2,149	2,922
Azerbaijan	7.9	6,920	6,399	2,053	3,064
Brazil	169.8	6,772	6,763	7,322	7,558
Bulgaria	8.3	5,879	5,760	5,237	6,036
China*	626.0	847	1,826	3,099	4,321
Colombia	38.6	5,260	5,666	6,395	6,066
Costa Rica	3.7	5,945	6,063	7,011	8,197
Croatia	4.4	6,614	7,390	7,237	8,562
Cuba	11.1	3,299	2,864	2,285	2,701
Ecuador	12.2	3,656	3,242	3,318	3,114
Egypt	66.1	2,799	3,012	3,323	3,845
El Salvador	6.0	3,091	3,656	4,332	4,565
Fiji	0.8	4,769	5,023	5,331	5,214
Georgia	5.4	6,920	5,685	2,194	2,901
Guatemala	10.8	4,192	3,514	3,728	3,906
Guyana	0.8	3,220	2,233	3,331	3,804
Indonesia	204.4	1,808	2,521	3,269	2,982
Iran	64.4	4,656	4,964	5,669	6,320
Jamaica	2.6	3,449	3,844	3,818	3,703
Jordan	4.6	5,141	3,538	4,124	4,139
Kuwait	1.9	36,982	14,905	21,193	18,960
Kyrgyzstan	4.8	6,920	3,973	2,233	2,749
Lebanon	4.2	3,466	3,648	4,607	4,707
Lesotho	2.0	2,001	2,189	2,473	2,709
Libya	5.1	7,477	8,126	6,960	6,772
Macedonia	2.0	6,614	5,771	4,778	4,930
Malaysia	20.9	4,379	5,806	8,185	8,460
Morocco	29.1	3,118	3,652	3,622	3,743
Namibia	1.7	7,871	6,083	6,455	6,797
Panama	2.8	4,870	4,735	5,428	5,803
Paraguay	5.2	5,476	4,846	4,858	4,463
Peru	26.1	5,866	4,000	4,678	4,748
Philippines	77.7	4,437	3,967	4,215	4,423
Reunion	0.7	4,172	4,958	5,075	5,496
Romania	22.4	8,076	6,412	7,392	7,081
Russia	146.9	9,362	12,109	7,555	8,785
Saudi Arabia	19.7	19,102	14,137	12,276	11,554
Sri Lanka	18.9	485	644	3,120	3,611
Suriname	0.4	5,022	2,939	3,312	3,358
Swaziland	1.0	6,039	4,443	4,460	4,758
Syria	15.4	3,157	2,823	3,558	3,490
Thailand	60.0	2,831	5,230	7,154	6,645
Turkey	64.6	4,771	6,025	6,878	6,736
Turkmenistan	4.9	6,912	7,227	3,964	4,646
Ukraine	50.3	6,912	8,033	3,688	4,210
Uzbekistan	24.1	6,912	2,893	2,238	2,506
Venezuela	22.8	6,791	6,307	6,125	5,975

	TOTAL POPULATION (MILLIONS)	AVERAGE PER CAPITA GDP (PPP RATES)			
		1981	1991	1996	2001
STRUGGLERS	1,921.0	6,050	5,212	5,137	5,351

\* Population figure is of struggling provinces in China.

SOURCE: Author with World Bank data

preaches more financial assistance and freer access to OECD markets; a Nobel laureate, Joseph Stiglitz, preaches a kinder and gentler IMF. Ever the master of the sound bite, Jeffrey



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Sachs of Columbia University commends “weapons of mass salvation.” What these proponents have in common is their advocacy of lifelines thrown from the OECD to the losers.

Lifelines can be enormously helpful for countries with half-decent governments and some respect for free market outcomes.

very policies would cut into their toll collections? This most obvious of observations tells us why loser countries today have every chance of remaining losers 30 years hence, no matter how many lifelines are thrown their way. What possible good can come from extending assistance to Robert Mugabe or to Burmese generals?

**The grandest illusion of all, promoted by all sorts of well-intentioned people and institutions, asserts that the rich countries can rescue the losers through enlightened policies.**

Some, including Morocco, South Africa, Egypt, Indonesia, Brazil and Peru, could potentially benefit from financial assistance, market access and policy guidance from the OECD.

But few of the losers have anything approaching half-decent governments or respect for markets. Nearly all are ruled by organized criminals. These rulers have no interest in grasping lifelines from the OECD; predation is their goal. Thus, Arnaldo Aleman, the former president of Nicaragua, could plunder his nation for \$100 million. In some losing nations, like Iran, the ruling clerics amount to medieval toll collectors; in others, like the Congo or Angola, the country is overrun by armed bandits; in still others, like Zimbabwe and Myanmar (Burma), the armed bandits and toll collectors answer to the same crime family in the capitol.

None of this is news. But what the optimists fail to acknowledge is the durability of predatory systems. The only thing new about “kleptocracy” is the word itself. Why should predatory rulers implement policies that could deliver 5 percent growth, when those

Pathologies in these countries run so deep that blessings in the form of oil and foreign aid simply enrich the kleptocrats. Saudi Arabia illustrates the waste of oil riches: under the grasping governance of the house of Saud, per capita GDP fell by one-quarter between 1973 and 1998. Zambia illustrates the futility of aid: if the \$2 billion in assistance that Zambia received between 1960 and 1995 had been invested with a 6 percent compounded return, Zambian per capita income would now exceed \$20,000. Instead, the figure is \$600 – one-third lower than at independence. Likewise, privatization generally just creates new opportunities for plunder, and “democracy” too often does little more than create a revolving door for toll collectors.

Leaders in these countries deserve a hook, not a lifeline, and the countries need to be governed by international trustees. That, of course, is not about to happen except in the rarest of circumstances. Haiti, the Congo, Angola, Zimbabwe, Iraq, Burma and Cambodia, among others, have been conspicuously misgoverned for decades.

Thanks to its alliance with terrorists,

Afghanistan might conceivably be freed of warlords. Thanks to its weapons of mass destruction, Iraq may be reconstituted as a functioning nation. But a vast majority of countries on the losers list will surely be left to their misery.

### THE INTERVENTIONIST IMPULSE

Walter Russell Mead of the Council on Foreign Relations identifies four competing schools of American foreign policy: Jeffersonian, Hamiltonian, Jacksonian and Wilsonian. To greatly oversimplify, the Jeffersonians advocate minimal involvement, fearing the corruption of American democracy. Hamiltonians seek to enlarge the number of nations receptive to market-oriented trade and investment ties. Jacksonians strike hard when American security is threatened, while Wilsonians put enormous faith in international institutions. Seldom has one school dominated American policy for an extended period. If Afghanistan is dragged out of the embrace of warlords, and if Iraq is reconstituted, those achievements will represent President Bush's flourish of Jacksonian policy.

But it's an enormous leap from nation building in Afghanistan and Iraq to taking on the problems of the losers sprinkled across Africa, Central Asia and other parts of the globe. To take on that task would require sustained Wilsonian diplomacy. It would entail the wholesale rebuilding of institutions, enormous flows of grant aid and free trade between the United States and the poorest countries on earth. No precedent exists for that degree of US involvement. And no appetite exists, within the United States or elsewhere, for letting intrusive Wilsonians run foreign policy for a generation.

### LIVING WITH POLARIZATION

If, as I contend, polarization is a durable

### LOSERS

COUNTRY	1998 POPULATION (MILLIONS)	1981	PER CAPITA GDP (PPP RATES) CONSTANT (2001) DOLLARS		
			1991	1996	2001
Angola	12.4	1,437	1,670	1,382	1,572
Bangladesh	125.1	1,040	1,245	1,442	1,704
Benin	6.0	1,114	909	957	1,045
Bolivia	8.0	2,442	2,175	2,318	2,414
Bosnia	3.8	6,614	2,789	645	1,121
Burkina	10.7	921	988	935	1,035
Burundi	6.5	578	652	596	599
Cambodia	11.5	1,405	1,218	1,358	1,542
Cameroon	14.2	1,908	1,738	1,496	1,694
Cent Afr Rep	3.6	1,177	1,120	1,093	1,197
Chad	7.3	1,089	959	910	943
Congo (Brazz)	2.9	512	654	610	599
(DemRep/Zaire)	49.0	2,825	2,171	1,305	835
Ethiopia	62.2	635	589	637	720
Gabon	1.2	7,591	6,835	6,607	5,539
Gambia	1.2	2,184	1,718	1,616	1,755
Ghana	18.4	1,759	1,632	1,786	2,009
Guinea	7.1	3,840	1,839	1,848	2,009
Guinea-Bissau	1.1	660	773	857	720
Haiti	7.6	2,724	2,118	1,461	1,471
Honduras	6.1	2,477	2,378	2,476	2,485
India*	559.9	1,218	1,649	2,063	2,485
Iraq	21.7	7,658	1,359	1,419	2,227
Ivory Coast	15.2	2,272	1,527	1,510	1,491
Kenya	28.3	1,026	1,096	1,070	1,035
Laos	5.0	1,027	1,205	1,468	1,633
Liberia	3.0	1,563	1,389	1,395	942
Madagascar	14.6	1,188	884	815	883
Malawi	9.9	565	543	596	629
Mali	10.3	587	641	753	822
Mauritania	2.5	1,754	1,514	1,591	1,704
Mayanmar	47.3	978	909	1,230	1,618
Moldova	4.3	6,912	5,494	2,428	2,455
Mongolia	2.4	1,905	1,959	1,725	1,826
Mozambique	18.6	751	767	717	1,014
Nepal	23.7	987	1,199	1,299	1,471
Nicaragua	4.8	2,985	2,012	1,976	2,239
Niger	10.1	1,306	834	786	781
Nigeria	110.5	1,220	852	831	842
North Korea	21.2	1,595	1,526	1,161	993
Pakistan	135.1	1,228	1,668	1,898	1,948
Papua N.G.	4.9	2,227	2,015	2,528	2,181
Rwanda	8.1	1,332	1,052	882	1,014
Senegal	9.0	1,389	1,403	1,392	1,583
Sierra Leone	4.8	1,071	838	689	487
Somalia	8.2	640	635	599	545
Sudan	30.0	1,390	1,087	1,325	1,633
Tajikistan	6.1	6,912	3,067	1,039	1,167
Tanzania	30.6	441	493	504	548
Togo	4.3	1,855	1,619	1,552	1,440
Uganda	22.2	814	852	1,043	1,268
Vietnam	76.2	1,143	1,225	1,691	2,161
Yemen	16.6	579	768	728	781
Yugoslavia	10.6	6,614	3,635	2,113	2,075
Zambia	9.7	1,156	820	788	801
Zimbabwe	12.2	2,741	2,924	2,755	2,374
TOTAL POPULATION (MILLIONS)		AVERAGE PER CAPITA GDP (PPP RATES)			
		1981	1991	1996	2001
LOSERS	1,668.1	2,279	1,753	1,574	1,642

\* Population figure is of losing states in India.

SOURCE: Author with World Bank data

## **POLARIZATION**

feature of the global economy, it's worth thinking about life in such a world. Let me start by acknowledging that the humanitarian case for redressing the root causes of economic divergence is compelling. It may prove sufficiently compelling that the OECD nations decide to make a serious effort to help the strugglers catch up. I'll hold my breath on that one. But the humanitarian case is not compelling enough to persuade the United States and Europe to place more than a very few of the 56 losers in trusteeships.

Turning from the humanitarian case to one of national self-interest, one glimpses the outlines of life in a polarized world. Jacksonian diplomacy can recognize three compelling cases for intervention today in the affairs of weak and impoverished nations: terrorism, weapons of mass destruction and contagious deadly diseases. Genocide may be a fourth – not in Jacksonian terms, but because the media spotlight may rally moral outrage.

Afghanistan demonstrates the fate of nations that both harbor and defend terrorists. More telling – in terms of its lesson for intervention policies – will be the course of United States action towards countries that merely harbor terrorists, not making a vigorous effort at rounding them up. Think Saudi Arabia, Yemen and Sudan.

Iraq could be the defining case for weapons of mass destruction. Successful resolution of the Iraqi threat, followed by national reconstruction, would establish a model for other countries that go the course of weapons of mass destruction. Failed resolution would mean that such weapons become a common ingredient in the polarization brew. Biological and chemical weapons are cheap, and nuclear weapons, while not cheap, are getting more accessible.

Learning from North Korea, other countries may see a payoff from weapons of mass destruction, both to deter the United States and to frighten their neighbors. Unless Iraq becomes a showcase for deterrence, the weapons policy cycle is likely to recur.

HIV illuminates the OECD's reaction to contagious deadly disease. The World Trade Organization Ministerial Declaration, issued from Doha in November 2001, reduced patent protection for HIV drugs. In his January 2003 State of the Union address, President Bush committed \$3 billion a year to fight AIDS, up from \$400 million just three years ago. If a disease as deadly as AIDS and as contagious as influenza ever strikes, the OECD reaction will be even faster and more forceful.

The official response to genocide in Cambodia (two million killed, 1975-79) and Rwanda (800,000 killed, 1994) was shameful indifference. Two explanations: first, the victims were culturally disconnected to the U.S. or Europe; second, the news media were slow to report the slaughter. When genocide becomes real to the citizens of rich countries – as happened in Bosnia-Herzegovina (200,000 killed) – intervention is more forceful, if only as a response to political embarrassment.

Cultural connections between rich and poor nations are strengthening very slowly, but the news media are fast becoming more intrusive. On this score there is qualified room for optimism.

To sum up: living with polarization means intervening against the most dangerous and appalling manifestations, as seen from the rich-country side of the divide. It means Jacksonian intervention with a humanitarian edge. It does not portend a muscular Wilsonian foreign policy – a Marshall Plan and nation building for the numerous strugglers and losers in the world community. **M**